

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7187**

**BILL NUMBER: HB 2094**

**DATE PREPARED:** Jan 20, 2001

**BILL AMENDED:**

**SUBJECT:** Moratorium on Nursing Home Beds.

**FISCAL ANALYST:** Kathy Norris

**PHONE NUMBER:** 234-1360

**FUNDS AFFECTED: X**

**GENERAL  
DEDICATED  
X FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill creates a moratorium on the addition, construction, and conversion of comprehensive care beds until July 1, 2005. The bill provides exceptions for comprehensive care beds that received a Certificate of Need under prior law or comprehensive care beds for which construction plans were approved and construction was begun before July 1, 2001.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** This bill establishes a four-year moratorium on the addition, construction, and conversion of nursing facility beds. The primary impact on the Department of Health would be a small workload reduction for the State Department of Health. A moratorium would free up an estimated 15% of the time of three Department of Health employees.

The rate of increase of the nursing facility Medicaid payment rate may slow somewhat if a building moratorium were imposed on the number of nursing facility beds. The extent to which a moratorium might affect the rates is unknown at this time.

*Background:* In 2000, the Department of Health reported 637 licensed facilities with a total of 57,850 licensed comprehensive care beds. The current number of beds reported to be under construction is 627. In 1999, 837 new comprehensive care beds were approved, and 627 were approved in 1998. Currently, there is no Certificate of Need (CON) necessary to construct new beds.

**Explanation of State Revenues:** The provisions of this bill would result in a minimal loss of fee revenue due to the four-year moratorium. A nursing facility pays a \$100 fee for the first 50 additional beds and \$2.50 per bed for beds in excess of 50. Revenue loss is estimated to be less than \$2,000 annually.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** State Department of Health, Family and Social Services Administration, Office of Medicaid Policy and Planning.

**Local Agencies Affected:**

**Information Sources:** Marilyn Cage, Legislative Liaison for the State Department of Health, 233-2170.